

Message Text

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TO AMEMBASSY BRASILIA IMMEDIATE

INFO AMCONSUL RIO DE JANEIRO IMMEDIATE

AMCONSUL SAO PAULO

UNCLAS STATE 015112

E.O. 11652:

TAGS:UEXP, 0R

SUBJECT: SAO PAULO TRADE CENTER

REF: A. BRASILIA 0480; B. STATE 013643

1. HERewith ADDITIONAL INFO AND REQUIREMENTS FOR SAO PAULO TRADE CENTER. EM0ASSY MAY DRAW AS NEEDED ON FOLLOWING FOR PRESENTATION TO BRAZILIAN GOVERNMENT (GOB).
2. TRADE CENTER IS INTENDED TO PROMOTE BUSINESS RELATIONS BETWEEN U.S. AND BRAZILIAN FIRMS BY PROVIDING U.S. FIRMS WITH FACILITIES AT WHICH THEIR PRODUCTS CAN BE DISPLAYED AND MEETINGS CAN TAKE PLACE. IT IS ANTICIPATED THAT PRODUCTS EXEMPLIFYING THE BEST AND LATEST IN U.S. TECHNOLOGY WILL BE SHOWN BY U.S. FIRMS INTERESTED IN SELLING THEIR PRODUCTS IN BRAZIL, LICENSING THEIR TECHNOLOGY TO BRAZILIAN FIRMS, AND FINDING JOINT VENTURE PARTNERS WITH WHOM TO ENTER INTO MANUFACTURING OPERATIONS IN BRAZIL. TRADE CENTER UNCLASSIFIED

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WILL SERVE ;ANY TYPES OF LEGITIMATE BUSINESS RELATIONS BETWEEN U.S. AND BRAZILIAN FIRMS INCLUDING INVESTMENT BY U.S. FIRMS IN BRAZIL.

3. IT IS ANTICIPATED THAT PRODUCTS DISPLAYED AT TRADE CENTER GENERALLY WILL BE CAPITAL GOODS OF TYPES NOT BEING MANUFACTURED IN BRAZIL, BUT FOR WHICH ACTUAL OR POTENTIAL DEMAND EXISTS. TRADE CENTER OPERATIONS WILL NOT BE GEARED TO ENABLING U.S.-MADE PRODUCTS COMPETE WITH SIMILAR BRAZILIAN-MADE PRODUCTS. IN THIS RESPECT IT IS RECOGNIZED THAT TARIFFS ON TYPES OF PRODUCTS MANUFACTURED IN BRAZIL TEND TO BE PROHIBITIVELY HIGH; AND IT IS NOT INTENDED TO USE TRADE CENTER FACILITIES TO PROMOTE SUCH PRODUCTS.

4. IT IS PLANNED TO ORGANIZE EACH YEAR 6 TO 8 MAJOR EXHIBITIONS AT TRADE CENTER AROUND A COMMON THEME WITH EACH EXHIBITION HAVING 15 TO 30 PARTICIPANTS. SMALL GROUPS OR SINGLE FIRMS EITHER U.S. OR REPRESENTING U.S. PRODUCTS WOULD USE TRADE CENTER FOR DISPLAYS, CONFERENCES, ETC., BETWEEN MAJOR EXHIBITIONS. OPENING EXHIBITION PLANNED FOR MID-1977.

5. TRADE CENTER STAFF WOULD BE COMPOSED OF AMERICAN CITIZEN EMPLOYEES OF USG WHO WOULD BE FOREIGN SERVICE OFFICERS, RESERVE OFFICERS, OR CIVIL SERVANTS AND NON-CITIZEN EMPLOYEES WHO WOULD BE FOREIGN SERVICE LOCALS. IT IS EXPECTED THAT THE DIRECTOR AND ONE OTHER OFFICER WOULD BE FSO'S OR FSR'S AND CARRY DIPLOMATIC PASSPORTS AND THAT THE DEPUTY DIRECTOR AND ONE OTHER OFFICER WOULD BE COMMERCE CIVIL SERVICE EMPLOYEES AND CARRY OFFICIAL PASSPORTS. THESE EMPLOYEES WOULD HAVE SAME STATUS AND BE ENTITLED SAME RIGHTS AND PRIVILEGES AS LIKE EMPLOYEES OF OTHER USG INSTALLATIONS IN BRAZIL. IT IS ANTICIPATED THAT FSL'S WOULD BE HIRED LOCALLY. TRADE CENTER WOULD ALSO ENTER INTO CONTRACTS WITH LOCAL FIRMS TO PROVIDE SERVICES SUCH AS FREIGHT FORWARDING, CATERING, PUBLICITY, ETC.

6. IN ORDER TO OPERATE TRADE CENTER IT IS ESSENTIAL THAT GOB PERMIT TRADE CENTER TO BRING INTO BRAZIL (TRADE CENTER) FOR TEMPORARY PERIODS EXHIBITION GOODS, TOGETHER UNCLASSIFIED

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WITH MATERIALS NEEDED TO SUPPORT AND MAINTAIN EXHIBITS, WITHOUT OBTAINMENT OF AN IMPORT PERMIT OR PAYMENT OF CUSTOMS DUTIES. THE SALE OF SUCH GOODS IN BRAZIL WOULD BE SUBJECT TO THE USUAL REQUIREMENTS INCLUDING IMPORT PERMITS AND PAYMENT OF DUTIES AND THE ICM AND IPI TAXES. IF GOODS ARE NOT SOLD, THEY WOULD BE REMOVED FROM BRAZIL OR DESTROYED UNDER CUSTOMS SUPERVISION. USG WOULD GUARANTEE CUSTOMS CHARGES DUE GOB ON GOODS BROUGHT INTO BRAZIL UNDER THESE PRIVILEGES.

7. IN ADDITION TO WAIVERS IN PARAGRAPH 6 IT IS HIGHLY DESIRABLE THAT GOODS DISPLAYED IN TRADE CENTER BE EXEMPTED FROM THE MERCHANT MARINE RENEWAL TAX

UNLESS THEY ARE SOLD AND REMAIN IN BRAZIL.
AND THAT EXHIBITORS LITERATURE TO BE DISTRIBUTED AT THE

TRADE CENTER BE EXEMPTED FROM PAYMENT OF DUTIES.

8. EQUIPMENT AND SUPPLIES WHICH ARE THE PROPERTY OF THE
USG AND NEEDED TO OPERATE THE TRADE CENTER SHOULD BE
ACCORDED ENTRY UNDER THE SAME CONDITIONS AS APPLY TO ANY
OTHER USG PROPERTY BROUGHT INTO BRAZIL.

9. USG PRESENTLY OPERATES TRADE CENTERS IN OTHER COUN-
TRIES WITH WHICH US HAS IMPORTANT COMMERCIAL RELATIONS.
LOCATIONS THESE FACILITIES AND YEAR OPENED ARE: LONDON '6
1; FRANKFURT '62; TOKYO '63; MILAN '64; STOCKHOLM '65;
PARIS '69; SYDNEY '70; MEXICO CITY '72; SINGAPORE '72;
TEHRAN '73; AND TAIPEI '74.
GOVERNMENTS OF ALL HOST COUNTRIES ACCORD PRIVILEGES ASKED
FOR IN PARAGRAPHS 6, 7, AND
FOR IN PARAGRAPHS 6 AND 8.

10. ALTHOUGH THE PRIMARY PURPOSE OF ESTABLISHING TRADE
CENTER IS TO PROMOTE U.S. EXPORTS, IT SHOULD BE POINTED
OUT THAT THE TRADE CENTER WILL HEIGHTEN INTEREST OF U.S.
FIRMS IN DOING BUSINESS IN BRAZIL AND THAT MANY FIRMS
;SING TRADE CENTER WILL BE INTERESTED IN INVESTING IN
BRAZIL.

11. FOLLOWING IS COMPLETE TEXT OF NOTES PRESENTED BY
AMEMBASSY MEXICO CITY TO MEXICAN GOVERNMENT AND GOM
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REPLIES CONCERNING ESTABLISHMENT MEXICO CITY TRADE CENTER.

EMBASSY NOTE NO. 5 511 OF APRIL 29, 1970:

THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS
COMPLIMENTS TO THE SECRETARIAT OF FOREIGN RELATIONS AND
HAS THE HONOR TO INFORM THE SECRETARIAT THAT THE UNITED
STATES DEPARTMENT OF COMMERCE IS PLANNING, SUBJECT TO
THE AGREEMENT OF THE GOVERNMENT OF MEXICO, TO ESTABLISH
IN MEXICO CITY A PERMANENT COMMERCIAL EXHIBITION FACILITY.

THIS PERMANENT FACILITY, WHICH WILL BE KNOWN AS THE
UNITED STATES TRADE CENTER, WILL EMPHASIZE THE INTEREST
OF MEXICAN BUSINESS IN EXPANDING ITS INDUSTRIAL BASE.
EVERY EFFORT WILL BE MADE TO DISPLAY ONLY PRODUCTS WHICH
DO NOT CONFLICT WITH THOSE OF MEXICAN MANUFACTURE. THE
NEWEST DEVELOPMENTS IN U.S. INDUSTRY WOULD BE REVEALED,
THROUGH PRESENTATIONS OF EQUIPMENT AND TECHNIQUES, OR BY
SYMPOSIA ON TECHNICAL AND SCIENTIFIC SUBJECTS. SUCH
ACTIVITIES WOULD HAVE THE OBJECTIVE OF
COOPERATING WITH MEXICAN INDUSTRY TO DEVELOP FURTHER THE
QUALITY AND COST SAVINGS NEEDED TO IMPROVE ITS CAPABILITY

TO EXPORT MANUFACTURED PRODUCTS. IT IS EXPECTED THAT SEVERAL EXHIBITIONS A YEAR WILL BE STAGED IN THE TRADE

CENTER, SUPPORTED BY MARKET RESEARCH WHICH HAS INDICATED AN INTEREST IN THE PRODUCTS OR SERVICES TO BE EXHIBITED.

THE EMBASSY VERY MUCH APPRECIATES THE EXCELLENT COOPERATION IT HAS RECEIVED FROM THE MEXICAN AUTHORITIES IN CONNECTION WITH PREVIOUS COMMERCIAL EXHIBITS HELD IN MEXICO SINCE 1966. IT IS REQUESTED THAT, AS IN THE CASES OF THESE EXHIBITIONS, PERMISSION BE GRANTED FOR IMPORTATION UNDER TEMPORARY IMPORT PERMITS OF THE PRODUCTS TO BE DISPLAYED. THOSE ITEMS WHICH ARE NOT SOLD IN MEXICO WILL BE RE-EXPORTED. THOSE WHICH ARE SOLD IN MEXICO WILL, OF COURSE, BE SUBJECT TO THE USUAL IMPORT DUTIES. IT IS FURTHER REQUESTED THAT THE PREMISES AND PERSONNEL OF THE TRADE CENTER BE CONSIDERED AN EXTENSION OF THE AMERICAN DIPLOMATIC MISSION AND THAT THE CENTER BE DESIGNATED AS AN IN-BOND CUSTOMS WAREHOUSE FOR EQUIPMENT UNCLASSIFIED

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AND PRODUCTS FOR DISPLAY. IT IS ALSO CONTEMPLATED THAT PROMOTIONAL MATERIAL, SUCH AS BROCHURES, CATALOGS, ETC., WILL BE IMPORTED FOR DISTRIBUTION.

THE UNITED STATES GOVERNMENT WOULD APPRECIATE THE APPROVAL OF THE GOVERNMENT OF MEXICO FOR ESTABLISHMENT OF THE PROPOSED EXHIBITION FACILITY, WHICH IS OF POTENTIAL BENEFIT TO BOTH MEXICAN AND UNITED STATES INDUSTRY. THE EMBASSY OF THE UNITED STATES OF AMERICA AVAILS ITSELF OF THIS OCCASION TO RENEW TO THE SECRETARIAT OF FOREIGN RELATIONS THE ASSURANCE OF ITS HIGHEST AND MOST DISTINGUISHED CONSIDERATION.

SUMMARY TRANSLATION GOM NOTE NO. 6-A57 OF JUNE 22, 1970:

PAR. 1 REFERENCE TO U.S. REQUEST PRESENTED IN NOTE 511, APRIL 29, 1970.

PAR. 2 MEXICAN GOVERNMENT AGREES TO U.S. REQUEST TO ESTABLISH TRADE CENTER, PROVIDED U.S. GOVERNMENT, RECIPROCALLY, WILL GRANT PERMISSION FOR MEXICO TO ESTABLISH VARIOUS CENTERS IN THE U.S.

PAR. 3 MEXICO AGREES TO IN-BOND STATUS FOR PRODUCTS TO BE EXHIBITED AT THE CENTER, WHICH CAN BE IMPORTED TEMPORARILY, SUBJECT TO PAYMENT OF APPLICABLE IMPORT DUTIES ON ITEMS SUBSEQUENTLY SOLD, AND RE-EXPORTATION OF UNSOLD ITEMS. DETAILS TO BE WORKED OUT WITH APPROPRIATE AUTHORITIES IN THE MINISTRIES OF FINANCE AND PUBLIC CREDIT, AND INDUSTRY AND COMMERCE.

PAR. 4 REGARDING THE STATUS TO BE ACCORDED THE PREMISES

ND PERSONNEL OF THE CENTER, THE MIMISTRY OF FOREIGN
ELATIONS IS AWAITING ADDITIONAL INFORMATION IT REQUESTED
F THE U.S. EMBASSY CONCERNING THIS MATTER.

AR. 5 THE MEXICAN GOVERNMENT CONSIDERS THAT THE GRANTING
F MUTUAL FACILITIES IN THIS AREA WILL CONTRIUUTE TO THE
ROMOTION OF BENEFICIAL COMMERCIAL INTERCHANGE BETWEEN THE
WO COUNTRIES.
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AR. 6 COMPLIMENTARY CLOSE.

MBASSY NOTE NO. 1466 OF OCTOBER 29, 1970:

HE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS
OMPLIMENTS TO THE SECRETARIAT OF FOREIGN RELATIONS AND
AS THE HONOR TO REFER TO EMBASSY NOTES NO. 511 DATED
PRIL 29, 1970 AND NO. 852 DATED JULY 10, 1970 AND TO
ECRETARIAT'S NOTE NO. 6-A-57 DATED JUNE 22, 1970, CON-
ERNING THE ESTABLIS;MENT IN MEXICO CITY OF A PERMANENT
OMMERCIAL EXHIUTION FACILITY TO BE KNOWN AS THE UNITED
STATES TRADE CENTER.

N REPLY TO THE SECRETARIAT'S REQUEST FOR CLARIFICATION OF
HE STATUS DESIRED FOR PERSONNEL ASSIGNED TO THE TRADE
ENTER, THE EM0ASSY REQUESTS THAT NON-DIPLOMATIC OFFICIAL
STATUS BE GRANTED SUCH EMPLOYEES, FOLLOWING THE PRECEDENT
ESTABLISHED FOR REPRESENTATIVES OF OTHER U.S. GOVERNMENT
GENCIES ATTACHED TO THE EM0ASSY. APPROVAL OF THIS
REQUEST AT THE SECRETARIAT'S EARLIEST CONVENIENCE WOULD BE
APPRECIATED.

THE EMBASSY AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW
O THE SECRETARIAT OF FOREIGN RELATIONS THE ASSURANCES OF
ITS HIGHEST AND MOST DISTINGUISHED CONSIDERATION.

SUMMARY TRANSLATION GOM NOTE IN REPLY TO NO. 1466:

"THE SECRETARIAT OF FOREIGN RELATIONS PRESENTS ITS COM-
PLIMENTS TO THE EM0ASSY OF THE UNITED STATES OF AMERICA,
AND HAS THE HONOR TO REFER TO ITS EMUASSY NOTE NO. 1466,
DATED OCTOBER 29, 1970 AND RELATED TO COURTESIES EXTENDED
TO THE PERSONNEL OF THE U.S. COMMERCIAL CENTER,
ESTABLISHED WITH DUE AUTHORIZATION FROM THE SECRETARIAT IN
YTS NOTE NO. 6-A-57 OF JUNE 26, 1970.

IT IS THE SECRETARIAT'S PLEASURE TO INFORM THE EM0ASSY THAT
THE MEXICAN GOVERNMENT WILL EXTEND TO SAID PERSONNEL THE
'SPOSITIONS OF ARTICLES III (2) AND IV (2) OF THE CONSULAR
CONVENTION IN FORCE, BETWEEN THE UNITED STATES WITH RESPECT

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CONVENTION IN FORCE, BETWEEN THE UNITED STATES AND MEXICO AS LONG AS THERE IS RECIPROCITY ON THE PART OF THE GOVERNMENT OF THE UNITED STATES WITH RESPECT TO REPRESENTATIVES OF THE DIFFERENT BRANCHES OF THE MEXICAN GOVERNMENT, THAT WITHOUT DIPLOMATIC STATUS ARE FROM TIME TO TIME, ASSIGNED TO THE EMBASSY OF MEXICO IN WASHINGTON.

THE SECRETARIAT AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE EMBASSY OF THE UNITED STATES OF AMERICA, ITS HIGHEST AND MOST DISTINGUISHED CONSIDERATION."

12. INFORMATION RE MEXICO CITY TRADE CENTER WAS CONTAINED IN LETTER FROM PRESTON TO EMBASSY SENT EARLY NOVEMBER WHICH EVIDENTLY NOT RECEIVED.

13. A DESIRABLE SITE FOR THE TRADE CENTER HAS BEEN LOCATED IN SAO PAULO AND LEASE NEGOTIATIONS ENTERED INTO WITH OWNER. ESSENTIAL THAT GOU RESPONSE TO OUR REQUEST FOR PERMISSION AND WAIVERS BE OBTAINED SOONEST. SISCO

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